

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 6 MARCH 2007

**BUDGETARY CONTROL SUMMARY STATEMENT
DEVELOPMENT SERVICES TO 4 FEBRUARY 2007 (PERIOD 11)**

**Joint Report by Executive Head of Finance and
Acting Executive Director of Development and Property Services**

1. PURPOSE OF REPORT

- 1.1 To advise Members of the current budgetary control position and the projected out-turn for the year for Development and Property Services for the period ended 4 February 2007 (Period 11).

2. OVERALL POSITION

- 2.1 The following report relates to service costs and income directly controlled by the department, and excludes rechargeable costs for central services charges and debt charges.

2.2 Projected Out-turn

Based on available information, it is currently projected that the Department of Development and Property Services will out-turn at £16,176,912, which is £603,720 less than the annual estimate for the year.

The favourable variance primarily relates to additional income secured by the department as a result of increased activity with regard to Planning & Building Control applications, fee recoveries from rechargeable work undertaken by Technical Services, and the property management fee due to higher than anticipated capital receipts.

This variance is further augmented by anticipated savings on supplies and services expenditure within the Corporate Office.

2.3 Summary of Objective Costs

Actual Exp. To 4/2/07	Actual Exp. To P11 as % of Annual Estimate	Service Division	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
2,134,686	77.5%	ECONOMIC DEVELOPMENT	2,756,170	2,840,770	84,600
510,542	51.4%	PLANNING & BUILDING STANDARDS	993,207	822,717	(170,490)
(478,643)	78.9%	COMMERCIAL & INDUSTRIAL PROPERTY	(606,991)	(557,491)	49,500
(7,480)	-	ASSET MANAGEMENT	0	0	0
7,214,921	73.1%	ROADS & TRANSPORTATION	9,864,374	9,826,374	(38,000)
(652,206)	93.2%	TECHNICAL SERVICES	(699,923)	(1,022,553)	(322,630)
318,340	83.2%	PROPERTY ACCOUNT	382,613	392,913	10,300
2,360,168	80.0%	CENTRAL REPAIRS	2,949,731	2,949,731	0
1,066,155	70.6%	CORPORATE OFFICE ACCOMMODATION	1,509,859	1,292,859	(217,000)
(252,156)	68.4%	INCOME RECOVERED FROM OUTWITH GENERAL FUND	(368,410)	(368,410)	0
12,214,327	72.8%	TOTAL	16,780,630	16,176,910	(603,720)

2.4 Summary of Subjective Costs

Actual Exp. To 4/2/07	Actual Exp. To P11 as % of Annual Estimate	Detail	Annual Estimate 2006/07	Projected Actual to 31/3/07	Variance (Favourable) / Adverse
6,706,718	79.8%	EMPLOYEE COSTS	8,399,461	8,466,241	66,780
3,688,618	79.8%	PREMISES COSTS	4,619,796	4,743,261	123,465
294,645	66.6%	TRANSPORT COSTS	442,275	450,275	8,000
2,004,807	65.2%	SUPPLIES & SERVICES	3,073,885	2,929,420	(144,465)
6,622,698	82.3%	THIRD PARTY PAYMENTS	8,049,405	8,951,905	902,500
19,317,486	78.6%	TOTAL EXPENDITURE	24,584,822	25,541,102	956,280
(6,851,003)	92.1%	INCOME	(7,435,782)	(8,995,782)	(1,560,000)
12,466,483	72.7%	TOTAL	17,149,040	16,545,320	(603,720)
(252,156)	68.4%	INCOME RECOVERED FROM OUTWITH GENERAL FUND	(368,410)	(368,410)	0
12,214,327	72.8%	NET EXPENDITURE	16,780,630	16,176,910	(603,720)

3 ANALYSIS OF VARIANCES

3.1 Employee Costs

Current projections indicate that expenditure on employee costs will out-turn £66,780 more than budget for the year. This primarily relates to the provision of early retirement costs and redundancy payments in respect of the Head of Economic Development & Property Services and the Executive Director. These costs are offset to some extent by anticipated savings elsewhere within the employee budgets as a result of vacant posts and staff turnover within the Planning & Building Control, Roads & Transportation, and Technical Services Division's.

3.2 Premises Costs

Premises costs are projected to out-turn £123,465 higher than the budgeted position as a direct result of the price increases in energy costs, allied to an increase in non-domestic rates, and water charges for vacant rental properties. Every effort will be made to manage these costs within budget.

As a result of the higher than anticipated property management fees, the programme of demolitions has also been extended to include additional properties.

3.3 Transport Related Costs

Transport Related Costs are anticipated to out-turn approximately £8,000 above budget primarily as a result of overspends on leases for winter maintenance vehicles.

3.4 Supplies & Services

The projected out-turn for the year is an underspend of £144,465, which primarily relates to unallocated resources included within the Corporate Office budget to fund the implementation of the Corporate Office Strategy, although a proportion of this has been used to fund start-up costs in relation to the North West Area Centre.

This is partially offset by additional costs anticipated for consultancy costs in relation to professional advice, the purchase of specialist software within the Technical Services Division and other minor overspends on general administration budgets.

3.5 Third Party Payments

Current projections indicate that third party payment costs will out-turn £902,500 above budget for the year. This overspend position primarily relates to additional payments to Roads Contracts (£900,000) as a result of work won in competition from North Ayrshire Council, Building and Works, Education and other various external contractors, and is offset by a corresponding and equal increase in income (see Paragraph 3.6 for details).

Additional payments of approximately £2,500 are also anticipated in relation to overspends on cleaning and maintenance costs at Kilmarnock and Cumnock bus stations.

3.6 Income

The projected favourable variance of £1,560,000 relates primarily to additional income in respect of Building Warrant and Planning Fees (£160,000) as a result of increased applications received during the year, higher than anticipated recharge recoveries for work undertaken by the Technical Services Division (£400,000), and additional income within the Roads & Transportation (£960,000) in relation to rechargeable work, construction consents and car parking charges. However, it should be noted that the majority of the additional fees recovered within the Roads & Transportation Division relates to income directly payable to Roads Contracts.

4 RECOMMENDATIONS

4.1 It is recommended that Members note the contents of this report.

Alex McPhee
Executive Head of Finance

James Kane
**Acting Executive Director of
Development and Property Services**

23 February 2007

LIST OF BACKGROUND PAPERS NIL

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